

**WASHINGTON D.C.** – As President Obama attacked Republicans today on the economy, Rep. Darrell Issa, the Ranking Member of the Oversight and Government Reform Committee, called the President's remarks "hypocritical" in the face of findings released yesterday in [an audit conducted by the Special Inspector General for the Troubled Asset Relief Program \(SIGTARP\)](#)

that found the Administration's bailout policies "substantially contributed" to the acceleration of "shuttering of thousands of small businesses" and thereby potentially adding tens of thousands of workers to the already lengthy unemployment rolls..."

"The best way to help those who need assistance the most is to create jobs, not enact policies that drive jobs away and jeopardize the future solvency of our nation's economic vitality," Issa said. "For President Obama to lecture Republicans on unemployment and, in an act of political theater, try and cast us as the reason why so many Americans are suffering right now is beyond hypocritical. An audit released yesterday by the TARP Inspector General detailed how the reckless policies of this President put tens of thousands of jobs in immediate 'jeopardy'. Yet, in the face of this sobering report, [the Administration's response](#) was to disavow the report's findings and deflect responsibility for the consequences of this politically-orchestrated bailout that put decisions about private enterprise in the hands of political appointees who needlessly jeopardized tens of thousands of jobs.

Absent a viable and actionable plan to create full-time jobs, temporary benefits like unemployment will become a permanent source of income."

**Specifically, the SIGTARP audit found:**

- At a time when the country was experiencing the worst economic downturn in generations and the Government was asking its taxpayers to support a \$787 billion stimulus package designed primarily to preserve jobs, **Treasury made a series of decisions** that may have substantially contributed to **the accelerated shuttering of thousands of small businesses** and thereby potentially **adding tens of thousands of workers to the already lengthy unemployment rolls** – all based on a theory and without sufficient consideration of the decisions' broader economic impact.

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- Job losses at terminated dealerships were apparently not a substantial factor in the Auto Team's consideration of the dealership termination issue...it is clear that **tens of thousands of dealership jobs were immediately put in jeopardy** as a result of the terminations by GM and Chrysler. In the fact of the worst unemployment crisis in a generation and during the same period in which Government was spending hundreds of billions of dollars on a stimulus package to spur job growth, the

**Auto Team rejected GM's original plan**

(which included gradual dealership terminations), expressly indicated that GM's pace of terminations was too slow, and then encouraged the companies' use of bankruptcy to accelerate dealership terminations...it is not at all clear that the greatly accelerated pace of the dealership closings during one of the most severe economic downturns in our Nation's history **was either necessary**

for the sake of the companies' economic survival

**or prudent**

for the sake of the Nation's economic recovery.

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- Just as **troubling**, there was little or no **documentation** of the decision-making

process to terminate or retain dealerships with similar profiles, making it impossible in many cases for SIGTARP to determine the causes of deviations from the supposedly objective criteria.  
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- That the automakers have offered reinstatement to hundreds of terminated dealerships in response to Congressional action without any apparent sacrifice to their ongoing viability further **demonstrates the possibility** that such dramatic and accelerated dealership closings may not have been necessary and underscores the need for Treasury to tread very carefully when considering such decisions in the future.  
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- Furthermore, although it was certainly understandable for Treasury to defer to the automakers' management in selecting the criteria for closing dealerships, its decision to **not monitor** the process that they employed is **far more questionable.**  
In the **absence** of effective **oversight**, GM purportedly employed objective criteria but then deviated from such criteria, making termination decisions with little or **no transparency** and making a review of many of these decisions impossible...  
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- The fact that Treasury was acting in part as an investor in GM and Chrysler does **not insulate Treasury from its responsibility** to the broader economy. Treasury should have taken special care given that the Auto Team's determinations had the potential to contribute to job losses, particularly given that one goal of the loan agreements was to "preserve and promote jobs of the American workers employed directly by the automakers and subsidiaries and in related industries."  
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- This audit concludes that before the Auto Team rejected GM's original, more gradual termination plan as an obstacle to its continued viability and then encouraged the companies to accelerate their planned dealership closures in order to take advantage of bankruptcy proceedings, Treasury (a) should have taken every reasonable step to ensure that accelerating the dealership termination was truly necessary for the long-term liability of the companies and (b) should have at least considered the benefits to the companies from the accelerated terminations outweighed the costs to the economy that would result from potentially tens of thousands of accelerated job losses.  
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- It is worth noting that GM's top rival among U.S. automakers, **Ford Motor Company**, which is also carrying out plans to "aggressively restructure to operate profitably," is closing **dealerships at a rate similar to that in GM's original restructuring plan** which was rejected by Treasury.  
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